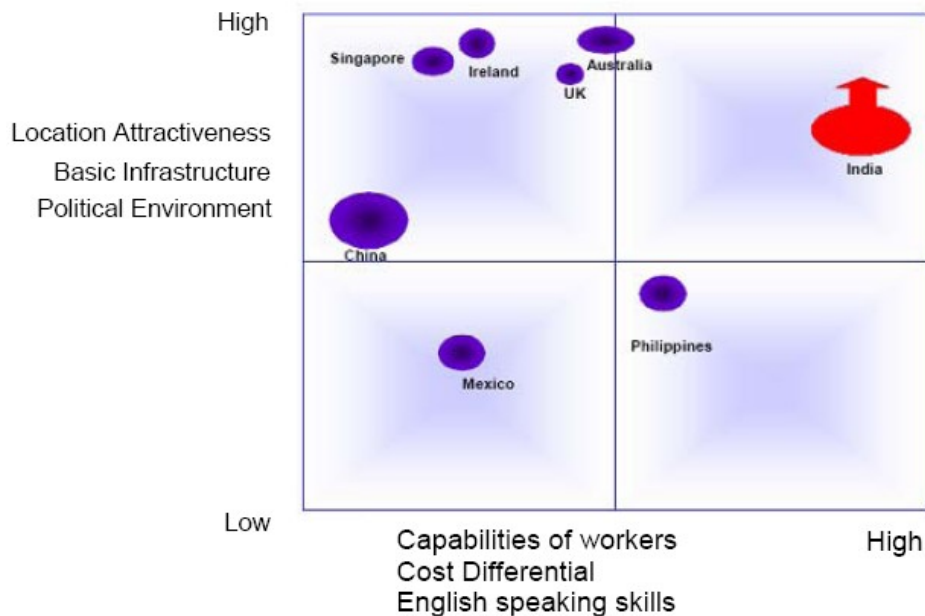


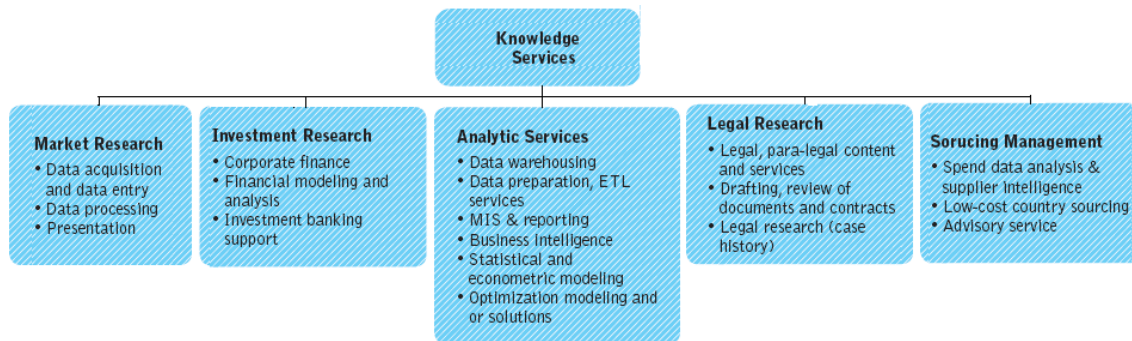
## Knowledge Process Outsourcing to India

In today's age of globalization, converging technologies of telecommunication and information technology have redefined the way we do business, with electronic commerce becoming a way of life. This has led to opening of many opportunities where best-in-class talent across the world can be leveraged to provide specialized services. Companies have realized the value of outsourcing specialized tasks to low-cost destinations such as India. Apart from significant cost savings, outsourcing certain activities allows an organization to concentrate more on its core business and make faster deliveries to customers leading to increased efficiency and higher levels of customer satisfaction.

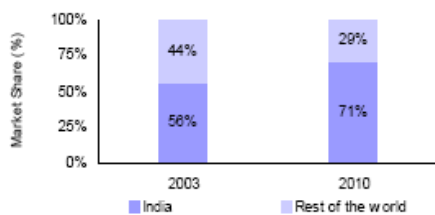
Over the last decade, India has matured as the preferred outsourcing destination for IT and ITeS services. Outsourcing to India has allowed many corporations see a big increase in their profits, productivity, level of quality, business value and performance. India offers many competitive advantages such as availability of skilled talent, technological agility, quality, flexibility, cost control and faster time-to-market. 82% of the US services companies have ranked India as their first choice for IT/ITeS outsourcing. Cost savings, operational efficiencies, access to a highly talented workforce and improved quality are all underlying expectations in offshoring high-end processes to India. The chart below depicts the desirability of different countries from outsourced services perspective, with India emerging as the most preferred destination.



The outsourcing of software and business process services to India has been followed by outsourcing of knowledge based services in the area of research and analytics. This type of outsourcing is popularly referred to as KPO (Knowledge Process Outsourcing). The success in outsourcing business process operations to India has encouraged many firms to start outsourcing their high-end knowledge work as well. Different types of knowledge services being outsourced to India. The block diagram below shows the different types of knowledge services being outsourced to India. It has to be noted that all these fields require specialized talent which is available in abundance in India.



The last few years have witnessed explosive growth in the KPO sector in India. Already, the top 12 investment banks of the world have captive operations doing high-end analysis work in India, employing 1,200 people that is expected to go up to about 6000 in the next two years. According to a report by NASSCOM, KPO business is expected to reach USD 17 billion by 2010, of which USD 12 billion (71%) would be outsourced to India. In addition, the Indian KPO sector is also expected to employ more than 250,000 KPO professionals by 2010.



It is no surprise then, that Business Analytics services have also found their way to India. Most large financial services, retail and telecom companies today are interested in deploying analytics within their businesses to make better data driven business decisions. But the complexity associated with extracting and integrating data as well as unavailability of trained personnel and technology make it difficult to address this need internally. In such a scenario, outsourcing analytics requirements makes it far easier for them to derive maximum value with added benefits that include:

1. No capital investments for creating an analytics infrastructure
2. No hiring and training costs for analytics resources
3. Leverage highly talented and cost-effective resources from countries like India
4. Utilizing best-in-class analytic techniques and technology to arrive at accurate insights.

India is adding more than three million graduates and professional degree and diploma holders annually. Home to the world's second largest reservoir of engineers and scientists, and the second largest pool of IT manpower, India does possess a distinct competitive edge. To further catalyze the growth in KPO, India is focusing on developing a talent pool to manage this expected growth. The success of KPO in India can be attributed not only on the way it has moved up the value chain in terms of services and offerings but also on how it has retained its competitive advantage of cost arbitrage, pool of knowledge professionals, and quality of deliverables.